

9 SEP 1965

Honorable Charles L. Schultze
Director
Bureau of the Budget
Washington, D. C. 20503

Dear Mr. Schultze:

Enclosed are four copies of a draft bill "To provide certain increases in annuities payable from the Central Intelligence Agency Retirement and Disability Fund, and for other purposes." This bill is submitted for clearance by the Bureau of the Budget prior to submission to the Congress. Also enclosed are copies of the justification and explanation together with proposed letters of transmittal to the President of the Senate and the Speaker of the House.

The proposed legislation would provide for the adjustment of annuities on the basis of monthly Consumer Price Index indicators and accelerate the cost-of-living adjustment of annuities under the Act. The cost-of-living adjustment provision of the Central Intelligence Agency Retirement Act was patterned after provisions of law enacted in 1962 and 1963 for civil service and military retirees.

The recently enacted Armed Forces pay increase amended the cost-of-living adjustment provision affecting military retirees by tying adjustments to monthly price indexes, accelerating the adjustment due 1 April 1966 to a more current date, and providing for the more current payment of subsequent increases. Similar amendment to the Civil Service Retirement Act is under active consideration by Congress. It is understood that the cost-of-living formula should be uniform in Federal retirement programs.

Approval of the proposed bill will assure that the cost-of-living adjustment features of this Agency's retirement system are in accord with Administration policy. If there is any additional information needed, you are assured of our cooperation in every possible way.

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Sincerely,

[Signature]

Legislative Counsel

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Enclosures 4

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